

BROAD AGENCY ANNOUNCEMENT

OFFICE OF THE TREASURER OF STATE DEPARTMENT OF STATE POLICE PENSION ADVISORY BOARD

Solicitation for
INVESTMENT MANAGEMENT SERVICES
to the
Indiana State Police Pension Trust

Proposal Due Date: June 28, 2002

BROAD AGENCY ANNOUNCEMENT

This is a Broad Agency Announcement (BAA) issued by the Treasurer of State of Indiana (Treasurer), Department of State Police (Department) and the Pension Advisory Board (Board), with the assistance of the investment consultant, Capital Cities, L.L.C., soliciting expressions of interest from all offerors interested in providing investment management services to the Indiana State Police Pension Trust (Trust).

This BAA is intended to publicize the availability of contracting opportunities for services described herein. This is not an Invitation for Bid, nor is it a Request for Proposal under Indiana Code (IC) 4-13.4-5 et seq. The Treasurer, the Department and the Board create no obligation, expressed or implied, by issuing this BAA or by receipt of any responses submitted pursuant hereto. The award of any contract(s) or agreement(s) as a result of this BAA shall be at the discretion of the Treasurer, Department and Board. Multiple contracts may be awarded to obtain all the necessary services. Neither this BAA nor any proposal submitted in response hereto is to be considered as a legal offer.

CONFIDENTIAL INFORMATION

Potential responders are advised that materials contained in proposals are subject to the Indiana Public Records Act (IPRA), IC 5-14-3 et seq., and, after the award of the contract(s), may be viewed and/or copied by any member of the public, including news agencies and competitors. Potential responders claiming a statutory exception to the IPRA must clearly mark "Confidential" on their electronic submission and must indicate under separate cover, also submitted electronically, that confidential materials are included and specify which statutory exception provision applies. The Treasurer, Department and Board reserve the right to make determinations of confidentiality. If the Treasurer, Department and Board do not agree that the information so designated is, in fact, confidential under one of the disclosure exceptions to the IPRA, it may either reject the proposal or discuss its interpretation of the allowable exceptions with the offeror. If the agreement can be reached, the proposal will be considered. If agreement cannot be

reached, the Treasurer, Department and Board will remove the proposal from consideration for award and return the proposal to the offeror. The price or compensation arrangement included in a proposal will not be considered by the Treasurer, Department and Board to be confidential.

PROPOSALS

Firms interested in providing these services to the Trust should submit their response by e-mail to Janet Sweet at jsweet@capcities.net.

To be considered, firms responding must indicate that they are doing so, by notifying Janet Sweet at jsweet@capcities.net with the e-mail address of the key contact responsible for submitting the response on or before June 26, 2002.

Proposals must be received no later than 2:00 PM, Indianapolis time, on June 28, 2002. Proposals received after 2:00 PM, as indicated by the electronic time/date stamp of Capital Cities' mail server, shall not be considered. The subject of the response should be titled:

“RESPONSE TO ISPPT BAA SMALL CAP GROWTH SEARCH”

No more than one (1) response per firm shall be submitted. Each proposal shall designate one person as the principal contact for the responding firm.

Any questions regarding this BAA must be submitted by email to jsweet@capcities.net no later than 2:00 PM, Indianapolis time, on June 25, 2002. Responses to all questions will be prepared in writing. A copy of each question and answer will be provided to each entity, by email, to the designated principal contact responsible for submitting the response.

ALL INQUIRIES MUST BE SUBMITTED AS DESCRIBED ABOVE. ANY DIRECT SOLICITATIONS OF THE TREASURER, DEPARTMENT, BOARD MEMBER OR ANY AGENTS OF THE FOREGOING WILL BE VIEWED UNFAVORABLY AND MAY DISQUALIFY BIDDER FROM FURTHER CONSIDERATION FOR A CONTRACT AS A RESULT OF THIS BAA.

MINIMUM QUALIFICATIONS AND SCOPE OF WORK

The Trust is seeking an investment manager(s) for the domestic equity small cap growth style:

Approximately, \$11,000,000 will be allocated to the Small Cap Growth style or Small/Mid Cap Growth style. The Small Cap Growth or Small/Mid Growth manager should have an approach managed against either the Russell 2000 Growth or Russell 2500 Growth Index. All manager types including banks, insurance companies and registered investment advisors will be considered. Separate account management is

preferred, however, commingled funds will be considered. Candidates should be able to demonstrate that they manage significant assets (\$200 million) in the Small Cap Growth style. Organizations with less than \$200 million in the Small Cap Growth style will be considered on a case-by-case basis. Additionally, it is desirable that the key decision makers will have worked together for a minimum of three years.

DOMESTIC SMALL CAP GROWTH EQUITY INVESTMENT MANAGEMENT SERVICES QUESTIONNAIRE

Each service provider to the Trust shall be required to sign a statement of receipt and agree to abide by the terms of the Investment Policy Statement governing the Trust.

Responses must be in chronological order of the questionnaire. Each response must be referenced by number to the underlying question. Please do not include any pre-printed marketing material.

Please be succinct in your answers. Thank you for the time you and your organization will expend in responding.

I. IDENTITY, FIRM and ADDRESS of PRINCIPALS

- ρ A. Name of firm(s).
- ρ B. Name, address and telephone numbers and email address of key contact.
- ρ C. Please provide a brief history of the firm.
- ρ D. Is your firm: (1) Independently owned and operated; (2) Limited or master partnership; (3) Part of a publicly traded company; (4) Affiliated with an insurance company; (5) Affiliated with a bank; or, (6) Affiliated with a brokerage firm?
- ρ E. Have any lawsuits or regulatory actions been taken against the firm, its executives or its principals in the last three years?
- ρ F. Does your firm legally qualify as a minority-owned or majority women-owned firm?
- ρ G. Does your firm or parent firm have an interest in a securities brokerage firm?
- ρ H. Does your firm have E&O Insurance? If yes, please provide the amount of coverage.
- ρ I. Is your firm AIMR compliant? If yes, provide the level and date of compliance.

- ρ J. Provide the name of the external accounting firm auditing your firm's performance composites.

II. BUSINESS FOCUS

- ρ A. Provide the total assets managed by the firm within the following account types. Where separate account is indicated provide the total for both separate accounts and commingled trust vehicles. Provide the number of accounts and assets gained and lost for each of the last three years ending 12/31/01.

| YR | Account Type | # Acts. | Assets \$(mm) | Gained \$(mm) | Lost \$(mm) |
|-------|------------------------|---------|---------------|---------------|-------------|
| 12/01 | Mutual Fund | | | | |
| 12/01 | Non US Sep Act. | | | | |
| 12/01 | US Tax-exempt Sep Act. | | | | |
| 12/01 | US Taxable Sep Act. | | | | |
| 12/00 | Mutual Fund | | | | |
| 12/00 | Non US Sep Act. | | | | |
| 12/00 | US Tax-exempt Sep Act. | | | | |
| 12/00 | US Taxable Sep Act. | | | | |
| 12/99 | Mutual Fund | | | | |
| 12/99 | Non US Sep Act. | | | | |
| 12/99 | US Tax-exempt Sep Act. | | | | |
| 12/99 | US Taxable Sep Act. | | | | |

- ρ B. Breakdown the total U.S. based tax-exempt assets from separate accounts and commingled trust funds (do not include mutual fund assets) within the following asset classes as of 12/31/01. The total should equal the number of accounts and assets provided in the tax-exempt separate account and commingled assets in the previous question.

| Asset Class | # of Acts. | Assets \$(mm) |
|------------------------------------|------------|---------------|
| Domestic Balanced | | |
| Domestic Equity | | |
| Domestic Fixed Income | | |
| Real Estate | | |
| International/Global Balanced | | |
| International/Global Equity | | |
| International/Global Fixed Income | | |
| Alternative/Derivative Investments | | |

- ρ C. Breakdown the total U.S. based tax-exempt assets from separate account and commingled trust funds (do not include mutual fund assets) within the

following client types as of 12/31/01. The total should equal the number of accounts and assets provided in question A above.

| Client Type | # Acts. | Assets \$(mm) |
|----------------------|---------|---------------|
| Corporate | | |
| Endowment/Foundation | | |
| Multi Employer | | |
| Public | | |
| Other | | |

III. SECURITY SELECTION –

- ρ A. Provide the product name and inception date.
- ρ B. Who will be making the investment decisions for the account? What is his/her educational background? Give the names of the institutions, degree(s) received and academic honors, if any.
- ρ C. List the relevant experience of the person(s) named above. Give the date each started with the product. Give dates, names of employers and responsibilities.
- ρ D. Are decisions made by a committee, or does each portfolio manager have independent discretion over the assets?
- ρ E. Briefly describe your investment process as it relates to each of the following:

Investment Philosophy:

Sector Selection:

Portfolio Construction:

Research Process:

Sell Discipline:

- ρ F. Please describe the process you would go through in selecting securities for our portfolio. Explain the logic behind the strategy. What is the evidence this strategy has been successful in the past?
- ρ G. Given the current economic environment, what specific portfolio strategy changes have been made recently? Are any changes contemplated in the near future?
- ρ H. What is your average annual turnover of securities for a portfolio our size?
- ρ I. Will you hold cash or bonds in our portfolio? If so, what is the maximum you will hold?
- ρ J. Provide the 03/31/02, minimum, maximum and average weights of the following domestic equity sectors.

| Sector | 03/31 % | Min % | Max % | Ave % |
|--------------------------|---------|-------|-------|-------|
| Communication | | | | |
| Consumer Cyclical | | | | |
| Consumer Staples | | | | |
| Energy | | | | |
| Financial | | | | |
| Health Care Services | | | | |
| Industrial Equip. & Svcs | | | | |

| | | | | |
|----------------------|--|--|--|--|
| Public Utility | | | | |
| Raw & Int. Materials | | | | |
| Technology | | | | |
| Transportation | | | | |

- ρ K. What percentage of your portfolios may be invested in non-traditional securities? (REIT's, ADR's, Convertibles, Non-US \$, Other) Please list the range for each security type.
- ρ L. Provide the 03/31/02, minimum, maximum and average weights of the following portfolio characteristics.

| Characteristic | 03/02 % | Min % | Max % | Ave % |
|--------------------------------|---------|-------|-------|-------|
| Wtd Ave Market Cap | | | | |
| Percent Large Cap (>10 Bil) | | | | |
| Percent Med Cap (1-10 Bil) | | | | |
| Percent Small Cap (< 1 Bil) | | | | |
| Price/Earnings Ratio | | | | |
| Price/Book Value | | | | |
| Wtd Ave Dividend Yield | | | | |
| 5YR Forecasted Earnings Growth | | | | |
| 5YR Historical Earnings Growth | | | | |
| Number of Securities | | | | |
| Annual Percent Turnover | | | | |
| Annual Return on Equity | | | | |
| 5YR Beta | | | | |
| Price/Forecasted Earnings | | | | |
| Forecasted Earnings Yield | | | | |
| Wtd. Median Market Cap | | | | |

- ρ M. List the investment professionals dedicated to this product and the number of employees gained and lost in each category for the product in each of the last three years.

| YR | Job Description | # EE's | EE's gained | EE's Lost |
|-------|----------------------|--------|-------------|-----------|
| 12/01 | Fundamental Analyst | | | |
| 12/01 | Quantitative Analyst | | | |
| 12/01 | Portfolio Manager | | | |
| 12/00 | Fundamental Analyst | | | |
| 12/00 | Quantitative Analyst | | | |
| 12/00 | Portfolio Manager | | | |
| 12/99 | Fundamental Analyst | | | |

| | | | | |
|-------|----------------------|--|--|--|
| 12/99 | Quantitative Analyst | | | |
| 12/99 | Portfolio Manager | | | |

- ρ N. Provide the total assets under management and the number of accounts in the product within the following account types for each of the last five years.

| YR | Investment Vehicle | # of Accounts | Assets \$(mm) |
|-------|-----------------------|---------------|---------------|
| 12/01 | Mutual Fund | | |
| 12/01 | Non US Sep/Com | | |
| 12/01 | US Tax-exempt Sep/Com | | |
| 12/01 | US Taxable Sep/Com | | |
| 12/00 | Mutual Fund | | |
| 12/00 | Non US Sep/Com | | |
| 12/00 | US Tax-exempt Sep/Com | | |
| 12/00 | US Taxable Sep/Com | | |
| 12/99 | Mutual Fund | | |
| 12/99 | Non US Sep/Com | | |
| 12/99 | US Tax-exempt Sep/Com | | |
| 12/99 | US Taxable Sep/Com | | |
| 12/98 | Mutual Fund | | |
| 12/98 | Non US Sep/Com | | |
| 12/98 | US Tax-exempt Sep/Com | | |
| 12/98 | US Taxable Sep/Com | | |
| 12/97 | Mutual Fund | | |
| 12/97 | Non US Sep/Com | | |
| 12/97 | US Tax-exempt Sep/Com | | |
| 12/97 | US Taxable Sep/Com | | |

- ρ O. Breakdown the total US based tax-exempt assets as of 12/31/01 by the following investment vehicle type as well as the minimum, median and largest account in the product. The total should equal the number of accounts and assets provided in the previous question.

| Vehicle | # Acts. | Assets \$(mm) | Min \$(mm) | Median \$(mm) | Largest \$(mm) |
|------------------|---------|---------------|------------|---------------|----------------|
| Commingled Trust | | | | | |
| Separate Account | | | | | |

- ρ P. Breakdown the US tax-exempt **separate account only** accounts and assets gained and lost, by calendar year, for each of the past five years in the product. (Do not include commingled trust or mutual fund accounts and assets)

| YR | # Acts. Gained | \$ Gained (mm) | # Acts. Lost | \$ Lost (mm) |
|-----------|-----------------------|-----------------------|---------------------|---------------------|
| 12/01 | | | | |
| 12/00 | | | | |
| 12/99 | | | | |
| 12/98 | | | | |
| 12/97 | | | | |

- ρ Q. Provide the approximate percentage of expected value added versus the benchmark in the following categories. The total should equal 100%.

| | |
|----------------------------|--|
| Asset Allocation | |
| Industry/Sector Allocation | |
| Risk Control | |
| Security Selection | |
| Trading | |

- ρ R. What were the last three transactions made, and why did you make them?

IV. PERFORMANCE

- ρ A. For the product submitted please provide the following information about your performance composite:

- 1. Number of accounts and assets in composite. If different from the total number of accounts in the product, explain:
- 2. Are numbers AIMR compliant? Provide the date of AIMR compliance.
- 3. Quarterly results since inception or for the last 40 calendar quarters. (Gross of fees if separate account product, net of fees if a commingled trust or mutual fund product)

- ρ B. For each of the periods listed below provide the dispersion range for your composite results.

| YR | Min Return | Max Return |
|-----------|-------------------|-------------------|
| 3/31/02 | | |
| 12/31/01 | | |
| 12/31/00 | | |

- ρ C. Is any portion of the performance record carried over from another firm? If so, what was the name of the other firm?
- ρ D. From what date is the current management team responsible for the track record?

V. FEES and OTHER

- ρ A. Provide your fee schedule for the product you are submitting.
- ρ B. What is your stated minimum account size?
- ρ C. Are you willing to negotiate your account size minimums and fees listed above?
- ρ D. Is there anything else you would like us to know about your firm that was not covered in the previous questions? (limit one page)

SELECTION PROCESS AND CRITERIA

All proposals will be reviewed and evaluated based upon the proven ability of the proposer to satisfy the requirements and expectations of the announcement in a cost-effective manner that is in the best interest of the Trust. It is anticipated the mandate shall be awarded during the month of August, 2002. Through the selection process, the Treasurer, Department and Board reserve at their discretion the right to: (i) not select any proposal, (ii) select any portions of a particular proposal for further consideration, or (iii) accept a proposal other than the lowest cost proposal.

EQUAL OPPORTUNITY COMMITMENT

It is the public policy of the State of Indiana, at all levels of state government, to promote equal opportunity in employment and in contracting opportunities, and to promote and encourage the participation of minority, small, and other disadvantaged business entities in employment and contracting opportunities involving the State of Indiana as fully as possible. The State of Indiana is, therefore, committed to pursue such avenues in its employment and contracting activities which will further the goals of this public policy. Similarly, a demonstrated commitment consistent with the goals of this public policy by those whom the State of Indiana does business, including those offerors responding to the solicitation, is highly desirable by the State of Indiana.